

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Balance Sheet**  
**As of 6/30/2006**

	As of <u>6-30-06</u>	As of <u>6-30-05</u>
<b>ASSETS:</b>		
<b>INVESTMENTS (AT MARKET)</b>		
DOMESTIC EQUITIES	\$ 1,568,651,856	\$ 1,458,148,767
INTERNATIONAL EQUITIES	728,736,085	751,581,435
DOMESTIC FIXED INCOME	1,827,967,399	1,627,107,621
INTERNATIONAL FIXED INCOME	175,048,602	144,258,400
REAL ESTATE POOL	361,756,992	216,275,745
VENTURE CAPITAL	137,923,531	123,797,307
INVESTED CASH (NOTE 1)	<u>86,329,243</u>	<u>68,245,056</u>
 TOTAL INVESTMENTS	 4,886,413,708	 4,389,414,331
 <b>RECEIVABLES</b>		
DIVIDEND/INTEREST RECEIVABLE	23,902,849	21,609,527
CONTRIBUTIONS/ASSESSMENTS REC	7,715,230	7,403,583
MISCELLANEOUS RECEIVABLES	<u>3,797</u>	<u>2,188</u>
 TOTAL RECEIVABLES	 31,621,876	 29,015,298
 <b>OTHER ASSETS</b>		
INVESTED SECURITIES LENDING COLLATERAL (NOTE 2)	628,901,672	579,343,979
OPERATING CASH (NOTE 3)	9,827,265	8,905,245
DUE FROM OTHER AGENCIES (NOTE 4)	120,619	89,903
FIXED ASSETS (NET) (NOTE 5)	<u>1,035,729</u>	<u>1,013,164</u>
 TOTAL ASSETS	 <u><u>\$ 5,557,920,869</u></u>	 <u><u>\$ 5,007,781,920</u></u>
 <b>LIABILITIES:</b>		
ACCOUNTS PAYABLE	4,369,151	3,464,962
ACCRUED EXPENSES	492,643	442,004
CAPITAL LEASE PAYABLE	5,662	9,550
SECURITIES LENDING COLLATERAL (NOTE 2)	628,901,672	579,343,979
DUE TO OTHER AGENCIES (NOTE 6)	<u>120,619</u>	<u>89,903</u>
 TOTAL LIABILITIES	 633,889,747	 583,350,398
 <b>NET ASSETS AVAILABLE:</b>		
NET ASSETS AVAILABLE BEGIN OF YEAR	4,424,431,522	3,975,436,484
CASH IN DURING YEAR (NOTE 7)	390,918,734	302,922,897
CASH OUT DURING YEAR (NOTE 8)	319,323,971	298,051,573
NET INCREASE (DECREASE)	<u>428,004,837</u>	<u>444,123,714</u>
 NET ASSETS AVAILABLE END OF PERIOD	 <u>4,924,031,122</u>	 <u>4,424,431,522</u>
 TOTAL LIABILITIES & NET ASSETS AVAILABLE	 <u><u>\$ 5,557,920,869</u></u>	 <u><u>\$ 5,007,781,920</u></u>

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Profit and Loss Statement**  
**For the Month Ended 6/30/2006**

	Month Ended 6-30-06	Year-to-Date
ADDITIONS:		
INVESTMENT INCOME		
INTEREST/DIVIDEND INCOME	\$ 20,425,314	\$ 134,000,371
SECURITIES LENDING INCOME	2,646,021	23,332,376
	<u>23,071,335</u>	<u>157,332,747</u>
GAIN ON SALE OF INVESTMENTS	57,162,160	679,954,564
LOSS ON SALE OF INVESTMENTS	<u>38,409,300</u>	<u>258,751,445</u>
NET GAINS (LOSSES) INVESTMENTS	18,752,860	421,203,119
INVESTMENT EXPENSES	5,759,733	28,005,124
SECURITIES LENDING EXPENSES	<u>2,512,442</u>	<u>22,252,891</u>
NET INVESTMENT INCOME	33,552,020	528,277,851
NET APPREC (DEPREC) MARKET VALUE	(29,000,114)	(66,918,718)
MISCELLANEOUS INCOME/(EXPENSE)	<u>(568,976)</u>	<u>(2,524,586)</u>
TOTAL INVESTMENT INCOME	3,982,930	458,834,547
CONTRIBUTIONS & ASSESSMENTS (NOTE 9)	16,006,680	62,342,007
PURCHASED SERVICE CREDIT (NOTE 10)	792,507	3,225,589
PENALTY & INTEREST (NOTE 11)	<u>1,393</u>	<u>10,232</u>
TOTAL ADDITIONS	<u>20,783,510</u>	<u>524,412,375</u>
DEDUCTIONS:		
BENEFITS PAID PARTICIPANTS (NOTE 12)	7,960,310	91,397,868
PARTIAL LUMP SUM DISTRIBUTIONS PAID	399,179	420,224
REFUNDS TO MEMBER (NOTE 13)	<u>224,174</u>	<u>2,697,308</u>
TOTAL BENEFITS PAID	8,583,663	94,515,400
ADMINISTRATIVE EXPENSES		
SALARIES AND BENEFITS	93,924	957,489
OPERATING EXPENSES	<u>85,073</u>	<u>934,649</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>178,997</u>	<u>1,892,138</u>
TOTAL DEDUCTIONS	<u>8,762,660</u>	<u>96,407,538</u>
NET INCREASE (DECREASE)	<u>\$ 12,020,850</u>	<u>\$ 428,004,837</u>

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**June 30, 2006**

The following notes to financial statements are intended to provide general descriptions of line items in the financial statements.

NOTE 1            INVESTED CASH

Cash invested in the short-term investment fund (STIF/STEP) at The Northern Trust Company or a money market demand account at the Bank of North Dakota.

NOTE 2            SECURITIES LENDING COLLATERAL

Securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash open collateral is invested in a short term investment pool.

NOTE 3            OPERATING CASH

Money market and checking accounts at the Bank of North Dakota and RIO's operating account at the State Treasurer's Office.

NOTE 4            DUE FROM OTHER AGENCIES

Amounts paid in anticipation of the allocation of administrative expenses of RIO.

NOTE 5            FIXED ASSETS

Office furniture and equipment capitalized by RIO, shown net of depreciation. Depreciation is calculated straight-line, over five years.

NOTE 6            DUE TO OTHER AGENCIES

Amounts received from agencies in excess of amounts allocated for RIO administrative expenses.

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**6/30/2006**

NOTE 7            CASH IN DURING YEAR

Cash transferred into investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 8            CASH OUT DURING YEAR

Cash transferred out of investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 9            CONTRIBUTIONS & ASSESSMENTS

Assessments on teachers' salaries of 7.75 percent of salary plus a matching contribution paid by the employer unit, for a total contribution and assessment of 15.5 percent that must be remitted monthly.

NOTE 10          PURCHASED SERVICE CREDIT

Payments received on the purchase of service credit for TFFR as allowed by the North Dakota Century Code.

NOTE 11          PENALTY & INTEREST

Amounts charged to school districts for late payment or reporting of contributions and assessments.

NOTE 12          BENEFITS PAID TO PARTICIPANTS

Monthly annuity benefits paid to retired teachers on the first of each month.

NOTE 13          REFUND TO MEMBERS

Refunds of teachers' accounts who have ceased teaching in North Dakota.